

Message Text

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ACTION COME-00

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INFO AMEMBASSY BELGRADE

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DEPT PASS EXIM AND COMMERCE BIC (FOR BOTH MAJOR PROJECTS
DIVISION AND TRADE OPPORTUNITIES BRANCH)

E. O. 11652: N/ A

TAGS: ETRD YO

SUBJECT: SPECIAL TRADE OPPORTUNITY: ANHOVO CEMENT AND ASBESTOS
FACTORY

SUMMARY: LOCAL IMPORT FIRM SEEKS BIDS FROM AMERICAN SUPPLIERS
OF ESTIMATED \$5 MILLION EQUIPMENT FOR EXTRACTION, TRANSPORT,
STORAGE, AND " HOMOGENIZATION" OF RAW MATERIAL CAMGCO3 AS PART
ANHOVO, SLOVENIA, CEMENT FACTORY EXPANSION. PROJECT REPORTEDLY
ENJOYS HIGH PRIORITY WITH LJUBLJANSKA BANKA PREPARED TO PROVIDE
MAJOR FINANCING AND GUARANTEES. US EQUIPMENT WITH EXIM FINANCING
CONSIDERED VERY COMPETITIVE BY YUGOSLAVS WHO, HOWEVER, WISH
OFFERS NO LATER THAN JUNE 20 SINCE BIDDING NO LONGER FORMALLY
OPEN. END SUMMARY

1. BEGIN UNCLASSIFIED. ZAGREB EXPORT/ IMPORT AGENT, " JUGOTURBINA-
COMMERCE," SEEKS IMMEDIATE CONTACT WITH LARGER AMERICAN FIRMS
CAPABLE PROVIDING EQUIPMENT PACKAGE (WITH LONG- TERM EXIM FINANC-
ING FOR EXPANSION OF MINE AND CEMENT FACTORY IN ANHOVO (SLOVENIA).

2. EQUIPMENT TO BE IMPORTED FROM WESTERN COUNTRIES (ESTIMATED
VALUE CIRCA \$5 MILLION) INCLUDES:

A. FOUR (04) TRACK- MOUNTED CRANES FOR USE IN SURFACE
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MINING ORE FOR RAW MATERIAL CAMGCO₃, CAPACITY FIVE CUBIC METERS (10 TONS);

B. TWO DRILLS 105 MM DIAMETER WITH BOTH VERTICAL AND HORIZONTAL CAPACITY DRILL 70 METERS;

C. SIX VEHICLES WITH 35- TON CAPACITY EACH TO TRANSPORT ORE FROM MINE TO NEARBY MILL;

D. ONE 380 HP BULLDOZER WITH RIPPING- BAR ATTACHMENT;

E. ONE MOTORIZED GRADER, 10- TON CAPACITY;

F. EQUIPMENT TO BUILD FULLY AUTOMATED HALL (40,000 CUBIC METERS CAPACITY) HORIZONTAL DIMENSIONS 185 X 45 METERS WITH STEEL CONSTRUCTION FOR STORAGE AND " HOMOGENIZATION" OF CAMGCO₃ BETWEEN MILL AND FACTORY;

G. SIXTEEN CONVEYOR TRACKS (RUBBER) AND ASSEMBLIES: FOUR 500- TONS/ HOUR CARRYING CAPACITY, TWO 120 METERS LONG AND TWP 185 METERS LONG; AND TWELVE 300- TONS/ HOUR CARRYING CAPACITY, SIX 50 METERS LONG, TWO EACH 290, 135 AND 25 METERS LONG RESPECTIVELY.

3. THOUGH BIDS ON THIS REPORTEDLY LONG- STANDING PROJECT NO LONGER FORMALLY OPEN, JUGOTURBINA- COMMERCE EXPORT CHIEF, MR. HREN, STATES HE HAS OBTAINED EXTENSION TO JUNE 20 IN ORDER ATTRACT US SUPPLIER(S) WHO WITH EXIM FINANCING CONSIDERED POTENTIALLY VERY COMPETITIVE. END UNCLASSIFIED

4. BEGIN LIMITED OFFICIAL USE. LJUBLJANSKA BANKA HAS SEPARATELY CONFIRMED TO US THAT ANHOVO PROJECT ENJOYS STRONG SUPPORT AND LIKELY MOVE AHEAD DECISIVELY IN 1974 AND 1975. RECENT DECISION TO PUSH ASSISTANCE TO BASIC INDUSTRIES SUCH AS CEMENT-- BY PERMITTING USE SPEEDED- UP DEPRECIATION SCHEDULE AND FUNDS THEREBY GENERATED FOR FOREIGN CURRENCY REPAYMENTS-- HAS REPORTEDLY GIVEN REAL IMPETUS THIS PROJECT. BANK UNDERSTOOD PREPARED ISSUE GUARANTEES FOR UP TO \$20 MILLION FOREIGN EQUIPMENT SUPPLIER LOANS WHICH INCLUDES FURNACE SUPPLIED BY CZECHS. WESTERN FINANCING, HOWEVER, SOUGHT FOR OTHER ITEMS AS LISTED PARA 2. WHILE LJUBLJANSKA BANKA STATES IT ALSO CURRENTLY SEEKING \$10 MILLION FINANCIAL LOAN FROM IFC TO HELP FINANCE LOCAL COSTS, SUCH FUNDING REPORTEDLY " NOT PRE- CONDITION" AND BANK PREPARED, IF NECESSARY, PROVIDE 270 MILLION NEW DINARS (CIRCA \$16.3 MILLION) OF ITS OWN FUNDS IN LOANS TO PROJECT. TOTAL PROJECT COST ESTIMATED AT 948 MILLION ND (CIRCA \$57 MILLION).

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5. COMMENT: PRESIDENT TITO HAS PUBLICLY REGISTERED HIS CHAGRIN THAT YUGOSLAVIA IMPORTS CEMENT. THUS STATEMENTS THAT ANHOVO PROJECT ENJOYS PRIORITY VERY CREDIBLE.

6. ACTION REQUESTED: THAT COMMERCE BRING THIS TRADE OPPORTUNITY DIRECTLY TO ATTENTION MAJOR POTENTIAL SUPPLIERS SUCH AS

CATERPILLAR (WHICH MENTIONED SPECIFICALLY BY MR. HREN) AS WELL
AS PUBLISHING ASAP IN " COMMERCE TODAY" WITH VIEW ENABLING
ESTABLISHMENT CONT
CT PRIOR JUNE 20 DEADLINE. US FIRMS SHOULD
BE ADVISED KEY IMPORTANCE FINANCING AND YUGOSLAV BELIEF IN
EXIM ' S COMPETITIVENESS. INVESTOR LIKELY TRY FOR TERMS APPROACH-
ING 10 YEARS. LOCAL CONTACT ADDRESS: MR. HERN, CHIEF OF EXPORT
SECTION, JUGOTURBINA- COMMERCE, 41000 ZAGREB, VLASKA 109/I,
TELEX 23745. FYI: FIRM HAS PROVIDED CONGEN FULL SET OF
PROJECT SPECIFICATIONS IN GERMAN WHICH BECAUSE OF FOLD- OUT
PAGES, DIFFICULT TO DUPLICATE. IN VIEW TIMING, PLAN RETAIN
HERE FOR USE POSSIBLE AMERICAN BUSINESS VISITORS UNLESS OTHER-
WISE DIRECTED . END FYI.
WILSON

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